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THE FRENCH TREATY.

A Speech

BY

J. K. CROSS, Esq., M.P.

IN

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IMPORTS, EXPORTS, AND THE FRENCH TREATY.

Speech by J. K. CROSS, Esq., M.P.,

On Motion of Mr. RITCHIE, M.P., 12th August, 1881.

I HEARTILY agree with a good deal that has fallen from the noble lord (Sandon), and with some of the remarks of the hon. member for the Tower Hamlets, and so far as their recommendations to the Government go, as to the making of a treaty with France, which shall be better than the present convention, the noble lord and the hon. member, will have the support of almost every member on this side of the House. But it seems to me, sir, that there is a good deal of misapprehension as to the bearings of this question, as to our trade with France, and also as to our trade with many foreign countries; and a good deal of the opposition to the negotiation of a new treaty is based upon ignorance of fact. There are certainly objections to any treaty of commerce from a Free Trade standpoint; the greatest, to my mind, being, that we give colour to the fallacy, that in reducing or abolishing import duties, it is not the nation which abolishes the duty, that is chiefly benefited; that it is not the nation which adopts Free Trade, that gains the most. Then why have a treaty at all? For this reason, sir, that without treaty, our goods will be subject to the general tariff, a tariff which before 1860 was prohibitive, and which is largely prohibitive now; but with which we have no more right to interfere, than we have to interfere with the tariffs of the United States or Germany. We have

absolutely nothing to do with the fiscal, or even with the protective arrangements, of foreign countries; their tariffs are arranged by their rulers, in what they conceive to be their own interest; and though we know that they would be gainers by the abolition of all protective duties, we have no right to impose our notions upon them. What interest can be served by trying to tie up the hands of the Government, and by forcing them to break off negotiations, before they know what are the best terms offered by France? The duty of the Government is perfectly clear in this matter; they understand the interests of the community, and surely those who are so capable in the ordinary affairs of life, will be able to negotiate a treaty which will be satisfactory, if such a treaty be possible. The noble lord seems to be labouring under an extraordinary delusion respecting the general tariff, and he confounds it with the *tarif à discuter*, arguing as if they were one and the same thing. The hon. member for the Tower Hamlets considers specific duties an evil. Speaking as a manufacturer, wishing to do the largest possible trade with France, I do not hesitate to say, that in every case where it is possible to assess a specific duty at all, it is preferable to an *ad valorem* duty. It is much better for the manufacturers of this country, that the duties charged upon their goods, should always bear the same relative proportion to their cost of production, irrespective of raw material; that the duty should always bear the same proportion to the wages. In cases where the raw material varies greatly in price, the price of the goods varies also, and with *ad valorem* duties, the tax upon the goods will at one time be equal to 30 per cent., and at another to 60 per cent. on the wages paid. It is better for the French competitor also, that the duties should be specific, for he will then be able to depend on a certain fixed protection; whereas in the case of *ad valorem* duties, his protection is a movable quantity not easily ascertainable. Besides, hon. members seem to forget that many of the duties now imposed by the French are specific, and our own Customs duties are invariably specific. The hon. member for the Tower Hamlets went on to speak of the sugar bounties. That is a matter which has often been discussed in this

House, and which has caused much interest in the country; but it has always been a question whether the effect of the drawback was properly understood. A great reduction has taken place, not only in the duty, but also in the drawback allowed on refined sugar exported from France; and the saccharine test has been altered, so that now, I believe there is no bounty whatever on its export. And when sugar refiners complain, that they are injured by the drawback allowed by the Austrian Government on raw sugar, and at the same time, that they are injured by the French drawback on refined sugar, I really do not understand what they mean; for, at any rate, the drawback on raw sugar, if it has any effect, must cheapen raw sugar to them.

What are the facts concerning French refined sugar? The latest published accounts of the French Government show, that the exports of refined sugar from France to all the world—exports which are ruining the English sugar refiner—have fallen from 74,000,000 francs in 1875 to 39,000,000 francs in 1881, in the first six months of the year, or that they are about half now what they were in 1875; and still our sugar refiners seem to be no better off, for the failure of the competition. I am told that some of the members of one great Scotch firm, have bought land on the Thames, are spending £150,000, and are going to produce 70,000 tons a year more refined sugar, to add to the depression. I heard something the other day, which will illustrate the position of the sugar refiners. Some six sugar refiners, I think, from Liverpool, called to see an hon. member, and met him in the lobby; they told him their dismal story, to which he listened with patience. When they had finished, he said, "Well, gentlemen, if you can find me a sugar refiner who lives in a house of less than £200 a year rent, I will support Mr. Ritchie's motion." They sighed, but they went away sorrowful, for they had great possessions. Next day, he met two of them in the Royal Academy, and asked if they had bought any pictures. "No," they said, "there is nothing worth buying;" but one of the gentlemen found something worth buying before he left town, for he is reported to have bought a pleasant little

house, for the modest sum of £37,000. Of course, there may be poor sugar refiners, but in such cases as these I do not think much sympathy is needed. There are a great many people outside the House, who oppose a new treaty with France on very different grounds ; but the question is really, whether the resolution brought forward to-night is not an unfurling of the old flag of Protection. I am glad to hear hon. members say that nothing is further from their intention, but what are the reasons alleged for the great opposition to this treaty. It has been stated over and over again by members outside this House, and inside too, and in the public Press, that our trade is in a decaying state. There was a meeting the other night in a great hall in London, at which many members of Parliament were present. It was there stated that the effect of commercial treaties had been disastrous to this country ; that France was now in the van of commerce, America second, and England a bad third. There were a good many members of Parliament present, but not one of them had the grace, nay, I may say not one of them had the common honesty, to protest against such a statement. A little time ago, I ventured to move for a return, showing the exports of France and England, in their home manufactures of cotton, woollen, linen, and silk. That return, presented on the first July, showed that the exports of England were in 1849 £40,000,000 ; in 1859, £73,000,000 ; in 1869, £107,000,000 ; in 1879, £94,000,000 ; and in 1880 they were £109,000,000. The French exports of the same manufactures were in 1849 £16,000,000 ; in 1859 £32,000,000 ; in 1869 £35,000,000 ; in 1879 £28,000,000 ; and in 1880 they were £29,000,000 ; showing an increase in the English exports between 1859 and 1879 of 32 per cent., against a decrease in the French exports in the same period of 11 per cent. ; and carrying the comparison on to the year 1880, we find that whilst the English exports of these four staple articles had, between 1859 and 1880, increased 50 per cent., the French exports, of her own production of these articles, had decreased 10 per cent. How then can it be said, that France is beating us out of the markets of the world ?

But I shall be asked, why do I not compare the inter-

national exports and imports of the two countries? Is it not a fact, that France sends to us much more than we send to her? Yes, she sends to us direct, much more than we send to her direct, but what does it matter to us, if she takes calico from Manchester in return for butter, or she takes silk from China, or coffee from Ceylon; the goods sent from here to those countries, really discharge our debt to France. A good deal of stress is laid on the fact, that according to the returns, France appears to be sending to us some £15,000,000 a year more merchandise than we send to her; and we are asked if this will not cause a drain of bullion, and if this is not the sign of a losing trade. Well, sir, how stands the bullion account? I have as much right to judge the state of trade by the bullion account, as any one else has to judge it by the trade account; and if I find, that we get much more bullion from France than we send to her, I might point to that, as a proof of a profitable trade. What are the facts? In the last two years we have received from France £9,437,000 in gold and silver coin and bullion, and we have sent to her £2,192,000, showing a balance in our favour of £7,245,000; and I have just as much right to quote this as a proof of profitable trade, as hon. members have to quote their figures as a proof of unprofitable trade. But, sir, such comparisons are worthless. Then, an exact comparison is impossible for another reason: our Board of Trade returns do not discriminate between goods going into France through foreign countries, and those which are sent for home consumption to those countries. In connection with the Treaty Commission, I had occasion to try to obtain accurate information. Finding that the export of English yarn to France, appeared in the export tables as £478,000, and not thinking this correct, I made inquiries from half-a-dozen merchants in Manchester, and found that they alone sent more yarns to France, than the export tables showed, but that the greater part of their sendings went through Antwerp, and did not appear in the exports to France at all. I found also that many goods coming to this country from Switzerland and some from Italy were entered among the French imports, making it impossible to compare the items of international trade.

But really these returns matter nothing. These matters may be well left to our merchants. What our merchants have to do is this: they have to take care that they get more than they give. What are our Board of Trade returns? They are a record of the sum total of the national business; a record of the aggregate of the individual transactions of our merchants; but I am afraid they are something which many hon. members do not understand, for when it is stated that our imports are £120,000,000 a year more than our exports, I hear hon. members say, shaking their heads, "What nation on earth can stand such a drain?" Well, sir, the drain has been going on for a long while. In the last 23 years we have imported £1,600,000,000 more merchandise, and some £70,000,000 more coin and bullion, than we have exported; we have at the same time increased our foreign investments in a marvellous manner. We have more railways, more shipping, more mines and manufactories, and more comforts of all kinds; and I venture to think that even if, in the course of a few years, our imports should exceed our exports by £200,000,000 annually, we shall not be ruined. I may mention one article, which does not appear in the Board of Trade returns at all. We do a large business as manufacturers and exporters of ships, but "shipping" does not appear among our many exports. May I say a few words, as to the meaning of the great figures put before us by the Board of Trade? Hon. members cannot quite understand, how it is we get home £120,000,000 a year more than we send out. It arises to a great extent from the fact, that our merchants know exceedingly well what they are doing. When they send a commodity abroad, they must get more for it than they give at home.

If the House will allow me, I will give in detail, three instances of our export and import trade.

In the first place I will take the shipment of £1,000 worth of cotton goods to Bombay, the returns coming home in raw cotton; in the second, I will take the shipment of £1,000 worth of pig iron to Calcutta, the returns coming home in jute; and in the third, the shipment of £1,000 worth of coal from Cardiff to San Francisco, the returns

coming home in wheat. I give the gross returns in order to avoid confusion in detail. In the shipment of £1,000 worth of cotton goods to Bombay, the freight will be £50; on arrival, the goods will have to fetch £1,050 to clear expenses; the merchant or his agent will have the cash in hand; he might send it home, but this is the last thing he thinks of, and he invests his £1,050 in cotton, freighting it to Liverpool or London at a cost of £70. This cotton will require to be sold for £1,120 to clear expenses. There will appear in the export table an "export" of £1,000 of cotton goods, there will appear in the import table an "import" of £1,120 of raw cotton, and no one will suffer loss by excess of import.

In the second instance, £1,000 spent in pig iron will, at very low prices, buy 500 tons; the freight of this by steamer to Calcutta will be £500; the iron must realise £1,500, which sum invested in jute, will purchase 100 tons; the freight to Dundee will be £300, and the value of the jute on arrival £1,800. There will appear in the Board of Trade return an "export" of £1,000 of iron, and an "import" of £1,800 of jute, and no one will be damnified thereby.

The next instance is more startling. £1,000 will buy 2,000 tons of coal, free on board at Cardiff; the freight of this coal to San Francisco will be £1,500; the amount realised for it in San Francisco will be £2,500, which sum invested in wheat, will purchase 2,000 quarters. The conveyance of this wheat to Liverpool will cost £1,500, and it will require to be sold at £4,000 in Liverpool, to cover cost and expenses. In the import tables there will be an entry of £4,000 wheat; in the export tables there will be an entry of £1,000 coal; the one exchanges for the other. Is any one poorer for this transaction?

But it may be said these are ideal figures. ("Hear, hear," from Mr. Newdegate.) Does the hon. member for North Warwickshire not accept them? Well, I will quote from the Board of Trade returns themselves. Last year (1880) 587,000 tons of coal were sent from this country to India. They were valued here at £265,000, and appear at this figure in our export tables; in the Indian import

tables they are valued at 11,380,000 rupees, or a little over £900,000 sterling money. This sum purchased 60,000 tons of jute, the value of which on arrival here was £1,080,000. The coal left this country valued at £265,000, its equivalent, the jute, came home valued at £1,080,000, and I don't know that any one is worse off for the exchange. But it is said to be unpatriotic to export our coal in exchange for wheat; that we had better grow our corn at home, and engage more English labour. But would that be the result? Will any hon. member say that on imported wheat we spend less in labour than on home-grown wheat? What is the cost of the labour employed in the production of a quarter of wheat in England? I ask the hon. member for Mid-Lincoln (Mr. Chaplin), who is an authority on such matters. He will, I hope, correct me if I am wrong. From what I can learn, I believe that in quoting 10s. as the labour cost of the production of a quarter of wheat in England, I am in excess of the average. Well, what is spent on the getting of a ton of coal in this country, sending it to San Francisco, exchanging it there for a quarter of wheat, and bringing the wheat home? The getting of the coal will cost nearly 4s. in labour; it will be put on the railway and on ship-board by Englishmen, and sent across the ocean in a ship built by Englishmen, with English capital. On arrival at San Francisco it is exchanged for wheat, the sending of which home again employs English shipping, labour, and capital. When the wheat arrives here, how much of its cost is represented by British labour? There is the labour spent on sinking the pit, on getting the coal, on transferring it to the port, on building the ship and manning it; and there is the labour employed in taking out the coal and bringing home the wheat. I do not know how I can assess the labour, on a quarter of coal-won wheat, at less than 30s.; or probably three times as much as is spent on a quarter of home-grown corn. But what is the advantage to the nation? A merchant buys 500 or 1,000 tons of coal, sends it abroad and exchanges it for wheat. He brings home a quarter of wheat in exchange for a ton of coal. A ton of coal in England at the present time is not worth more than 8s.; in many cases not

nearly so much. If we get in exchange for coal something which, in this country, is worth five times as much as the coal, is not this an advantage to the nation? I do not see that we are worse off through entering into transactions such as these.

Well, sir, what is to be the autumn campaign of gentlemen opposite? Is the flag of Protection again to be unfurled? Are we to lose that freedom of action we have enjoyed so long? Are we to accept trammels which hon. gentlemen are not bold enough to support in this House, but which when outside these walls they do not hesitate to advocate? I do not think their programme will succeed. I suppose that hon. gentlemen opposite will allow that if foreign nations imposed no duties on our exports, our trade would be very flourishing. Well, there is one great trade not hampered by foreign tariffs, the greatest industry in this country except agriculture, the coal trade; the trade which really is the key to the commerce of the world. Every nation is ready to receive our coal, yet the coal trade was never in a condition so depressed as it is now, notwithstanding that the production of last year was the greatest on record. What will be the result of Protection if you try it? You must take heed from Germany. She is not now pointed at, as a nation in the van of commerce. She was so a little while ago, but the blighting breath of Protection has passed over her, and she is falling behind. Some hon. members wish to place a differential duty on wheat. They have such duties in Germany, and they are very moderate, not more than 5 per cent. Yet it is calculated that the difference in the price of rye bread, through the action of this duty, is such that a man will find himself short of a month's provisions during the year. If the price of food be advanced ten per cent., as some propose, the purchasing power of the workman, and of every one, would be correspondingly reduced unless wages were raised; but there is no record, so far as I know, in the history of mankind where a tax upon food has raised the rate of wages; and in Germany the question now is not whether wages shall be raised, but whether the workman can have as much work and wages as before. Manufactories are going on to shorter

hours, and discharging workmen to emigrate, until it appears that no less than 145,000 emigrants have left the shores of Germany during the last six months, and it is said that during the current year, the export of humanity from that country will be a quarter of a million. Perhaps, sir, I may be excused if I speak earnestly on this subject. My earliest days were passed in the shade of Protection. I do not want those times to come again. May I quote a short description of those times, written, not by a Radical, not even by an enthusiast for Free Trade, but written by the French historian, M. Guizot? The quotation refers to my native town, and he says, speaking of the time from 1836 to 1840 :—

“Bolton, a town of the second-class in Lancashire, near Manchester, containing about 50,000 people, had been thrown by the commercial crisis into a condition of utter misery. Out of 50 manufactories 30 were closed, more than 5,000 operatives knew not where to seek or to obtain the means of sustenance. Disorder and crime, as well as misery, increased with awful rapidity ; nearly half the houses were tenantless ; the prisons overflowed, infants died in their mothers’ arms, fathers deserted their wives and families, striving to forget those whom they could no longer maintain. But the evil continued ; no succour came.”

Then it was, sir, that the agitation in favour of Free Trade began. Do hon. members opposite wish for a return of those times ? (“ Oh, oh,” and “ Hear, hear.”) My right hon. friend the Chancellor of the Duchy no doubt remembers the condition of Bolton then, and I don’t think that any one will wish to exchange our present experience for a return of those old days.

In regard to this resolution, I am most anxious that our Government should have the power to make reasonable treaties with foreign nations, in the interest of commerce. I have the fullest confidence that the Government will carry out the best arrangements that can be made, not only with France, but with other countries also ; and I sincerely hope that nothing may ever be done by our statesmen to endanger that most precious privilege of Englishmen—the right to buy what we most want where we best can.





